



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

April 17, 2006

Steve Chester, Director
Department of Environmental Quality
Post Office Box 30473
525 West Allegan
Lansing, MI 48909

Dear Mr. Chester:

I am writing you today to direct you to pursue a rule under Michigan's Clean Air Act to reduce mercury emissions from electric utilities by 90 percent by 2015. To move Michigan forward we need policies that grow our economy and protect our environment. Mercury is a potent neurotoxin that threatens the health of Michigan families, children, and nursing mothers. Mercury also puts our great water and fishing resources at risk, resources that are critical to our economy which is so dependent on tourism. It is unacceptable that in a state where fishing contributes over \$2 billion to the economy annually, we must warn people not to eat the fish that they catch in our beautiful lakes because of mercury contamination.

When I ran for Governor, I said that I would support the phase-out and elimination of mercury emissions from coal-fired power plants. By this letter today, I am following through on that promise to protect the health of Michigan's families.

I ask that the Department of Environmental Quality proceed to develop a rule, the first phase of which will take advantage of the mercury reductions that will occur through Clean Air Mercury Rule (CAMR) and other federal programs by 2010; and the second phase of which will go beyond CAMR to require a 90 percent reduction by 2015. Interstate trading would not be allowed, but the rule could include a utility system-wide approach that does not result in "hot spot" mercury emissions placing Michigan residents at risk.

I am sensitive to the disproportionate economic burden that could be placed on Michigan if this rule puts Michigan at a competitive disadvantage with its neighboring states. I do note that the Governors of Illinois, Minnesota,

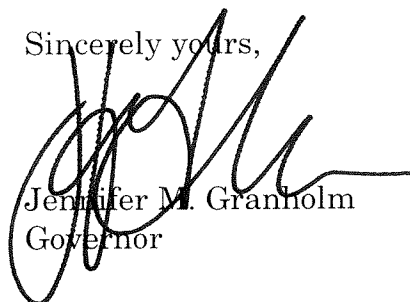
Pennsylvania, and Georgia have recently announced they intend for their states to also adopt a rule to reduce mercury emissions by 90 percent. However, to address concerns, I would ask that Michigan's rule include both technical and cost-based exceptions as.

First, a utility would be given additional time to comply if it installs and operates mercury reduction technology, but upon testing is unable to demonstrate compliance with the required reduction or emission limit.

Second, additional compliance time would be provided if a power plant demonstrates that the annualized incremental cost of mercury reduction technology to go beyond CAMR will exceed a specified percentage of the gross revenue from electric generation for the utility system. The appropriate length of time and percentage for the exceptions should be determined as part of the formal rulemaking process.

Finally, a few weeks ago I directed the Chair of the Public Service Commission to develop a long-term electric plan for the state. It will be imperative that DEQ and the Chair work together on both the plan and this rule to ensure that the goals and policies being developed are consistent across state government.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jennifer M. Granholm", is written over the typed name and title.

Jennifer M. Granholm
Governor

JMG/pd